Government of Saskatchewan

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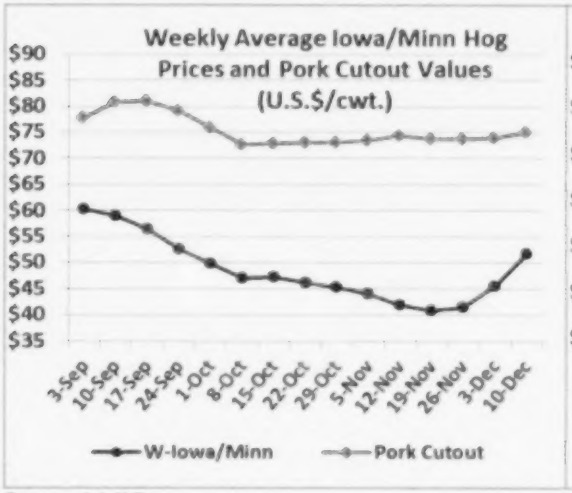
# Weekly Hog Report

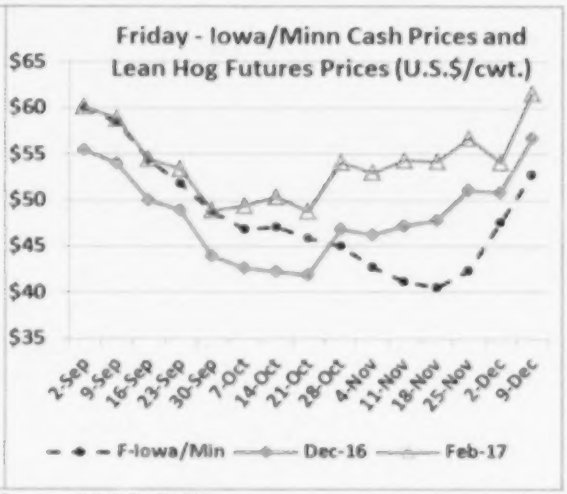
December 12, 2016

**Cash Slaughter Weight Hog Prices**

United States daily average cash hog prices (Iowa/Minn) surged higher over the week. Hog prices on Friday December 9 averaged US$52.93 per cwt, up US$5.39 per cwt or 11.3 per cent from US$47.54 per cwt the previous Friday. The negotiated weekly base price last week averaged US$51.73 per cwt, up US$6.22 per cwt or 13.7 per cent from US$45.51 per cwt the previous week.




Source: LMIC




Source: LMIC, CME

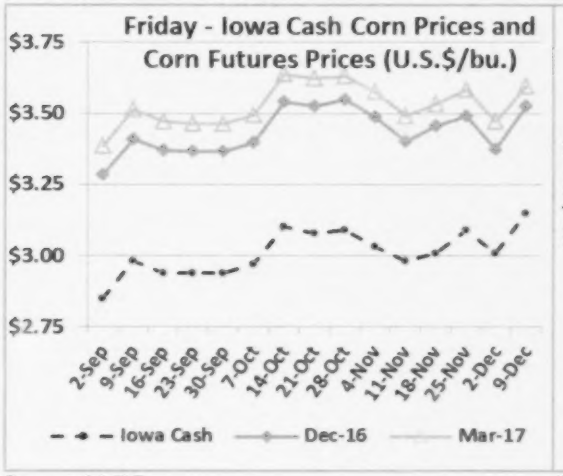
In Canada, the new contract Signature#5 (Maple Leaf) Index 100 daily price for Friday December 9, 2016 was $131.04 per ckg, up $13.17 per ckg or 11.2 per cent from $117.87 per ckg the previous Friday. Signature#5 weekly prices (Friday to Thursday) averaged $125.11 per ckg, up $9.25 per ckg or 8.0 per cent from the previous weeks' average price of $115.86 per ckg. The Canadian dollar continued higher last week on higher crude oil prices. The Canadian dollar settled Friday at 75.87 cents, up 0.59 cents from 75.28 cents the previous Friday.

**Futures Markets**

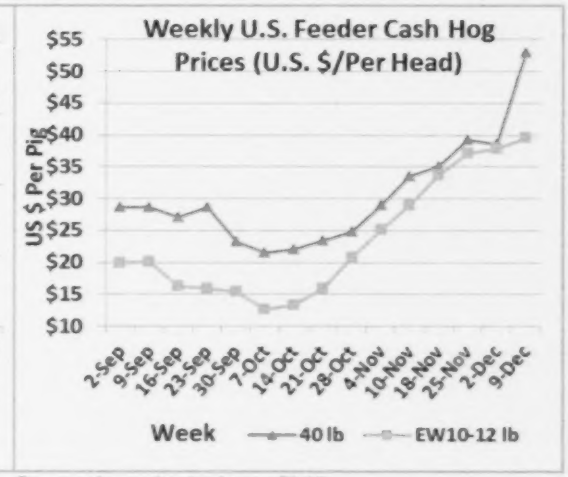
United States lean hog futures daily prices were higher over the week with big gains, week-over-week. The nearby December contract increased US$5.975 per cwt to settle Friday at US$56.725 per cwt. The February 2017 lean hog futures contract increased US$7.525 per cwt or 13.9 per cent last week to settle Friday at US$61.550 per cwt. Futures were likely helped by the stronger U.S. pork export data released showing higher U.S. pork exports in October 2016, compared to last month and October 2015.

**Cash Feeder Hog Prices**

North American (Iowa) iso-wean (10-12lb) cash hog prices and feeder (40lb) cash hog prices were higher last week helped by the jump in lean hog futures prices. Weighted average cash prices for iso-weans (12lb) last week were US$39.52 per head, up US$1.70 per head from US$37.82 per head the previous week. Feeders (40lb) averaged US$52.89 per head, up US$14.37 per head or 37.3 per cent from US$38.52 per head, the previous week.




Source: LMIC




Source: Iowa Agriculture, CME

U.S. corn prices were higher last week. Iowa cash corn prices increased 14 cents last week to settle Friday at US$3.15 per bushel. Daily U.S. corn futures prices were mixed over the week with strong gains on Monday and Friday to end last week higher, week-over-week. The December corn futures contract increased 15 cents to settle Friday at US$3.52 ½ per bushel, while the March 2017 corn contract increased just over 12 cents per bushel to settle Friday at US$3.59 ½ per bushel.

**Hogs Slaughtered**

U.S. hogs slaughtered under federal inspection for the week ending December 10 were estimated at 2.443 million head, down 3.6 per cent from 2.535 million head the previous week, but up 0.3 per cent from 2.435 million head the same week a year ago. U.S. weekly hog slaughter numbers over the last four weeks ending December 10 averaged 2.414 million head per week, up 3.1 per cent from 2.341 million head the same period a year ago.

In Canada, federal and provincial hog slaughter numbers for the week ending Dec. 3, 2016 were estimated at 438,866 head, down 2.6 per cent from 450,814 head the previous week, and down 0.9 per cent from 442,890 head the same week a year ago. Canadian hog slaughter numbers over the last four weeks averaged 440,925 head, up 1.9 per cent from 432,822 head over the same period in 2015. Year-to-date for 2016, hogs slaughtered in Canada totaled 19,732,822 head, up 2.1 per cent from 19,331,797 head the same period in 2015. In Western Canada, hogs slaughtered year-to-date has totaled 8,121,609 head, up 1.5 per cent from 8,004,955 head over the same period in 2015.
(Source: Agriculture and Agri Food Canada/Canadian Food Inspection Agency)

**Meat Production**

U.S. pork production for the week ending December 10, 2016 was estimated at 516.3 million lb., down 3.7 per cent from 535.9 million lb. the previous week, and down 0.5 per cent from 518.8 million lb. the same week a year ago. Pork production over the last four week's ending December 10 was estimated to average 510.0 million lb., up 3.5 per cent from 492.6 million lb. over the same four week period a year ago.

U.S. beef production for the week ending December 10 was estimated at 515.0 million lb., down 0.5 per cent from 517.5 million lb. the previous week, but up 5.8 per cent from 486.6 million lb. the same week a year ago.

Combined production of U.S. beef, pork, chicken and turkey over the four weeks ending December 3, 2016, was estimated to average 1.994 billion lb., up 5.2 per cent from 2.098 billion lb. over the same four weeks a year ago. Year-to-date, total U.S. meat production for 2016 is estimated to be up 2.9 per cent compared to the same period in 2015.

**United States Weekly Meat Production**

| (Dec. 3) Four Week Average - Million Lb. | | | Percent Change | |
|---|---|---|---|---|
| | 2015 | 2016 | 4 Week | YTD 2016 |
| Pork | 497.7 | 511.1 | 2.7% | 1.3% |
| Beef | 452.9 | 507.0 | 12.0% | 5.7% |
| Chicken | 921.3 | 948.5 | 3.0% | 2.0% |
| Turkey | 122.0 | 131.7 | 8.0% | 4.9% |
| **Total** | **1,993.9** | **2,098.4** | **5.24%** | **2.88%** |

Source: LMIC

**Cutout Values**

U.S. national pork cutout values for the week ending December 10, 2016 averaged US$75.08 per cwt, up US$1.16 per cwt or 1.6 per cent from US$73.92 per cwt the previous week, and up 2.3 per cent from US$73.40 per cwt from the same week a year ago.

Choice beef cutout prices (600-900 lb.) for the week ending December 10, 2016 averaged US$189.85 per cwt over the week, up slightly from US$189.55 per cwt from the previous week, but down 6.5 per cent from US$203.13 per cwt the same week a year ago.

Average chicken cutout values (breast) for the week ending December 10, 2016 averaged US$97.81 per cwt, up US$0.86 per cwt or 0.9 per cent from US$95.95 per cwt the previous week, but down 5.7 per cent from US$103.67 per cwt the same week a year ago.

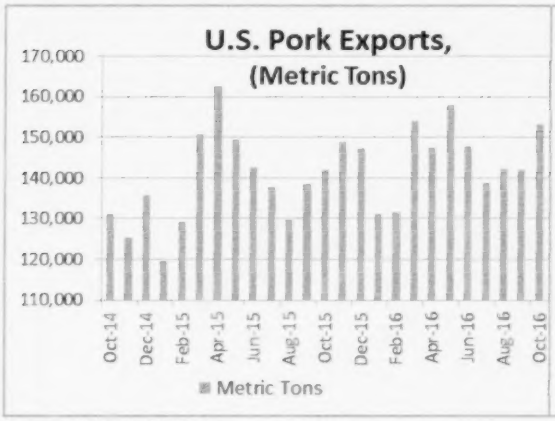
**United States Pork Exports**

United States exported 153,051 metric tons of pork in December 2016, up 7.7 per cent from 142,113 metric tons in September 2016, and up 7.8 per cent from 141,923 metric tons from October 2015.

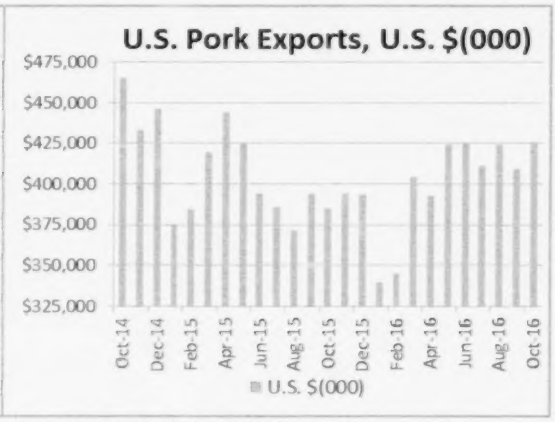
Cumulative U.S. pork exports by volume for the first ten months of 2016 were 1,445,584 metric tons, 3.1 per cent higher compared to the same period in 2015. The biggest increases in pork exports in 2016 by volume were to Hong Kong/China; helping to make

up for the volume declines to South Korea, along with small declines to Mexico and Japan. U.S. pork exports by volume in October were higher to Korea, Hong Kong/China, and Central and South America compared to September 2016. United States pork exports to Hong Kong/China for October 2016 were 13,781 metric tons, down 13.9 per cent from 15,998 metric tons in October 2015.

By dollar amount, U.S. pork exports in October 2016 were US$425.6 million dollars, up 4.0 per cent from US$409.2 million in September 2016, and up 10.4 per cent from US$385.4 million dollars a year ago from October 2015. Year-to-date, U.S. pork exports by dollar amount were $4.003 billion dollars, up 0.6 per cent from the same period in 2015. Year-to-date, U.S. pork exports to China/Hong Kong are up 69 per cent.




Source: USDA, USMEF




Source: USDA, USMEF

**USDA World Agricultural Supply and Demand Estimates (WASDE)**

On December 9, the USDA released the December World Agricultural Supply and Demand Estimates (WASDE). U.S corn yield and acres for the 2016/17 crop were unchanged from 175.3 bushels per acre in the November estimates. Total corn production estimates for the 2016/17 crop were unchanged from the November estimates at 15.226 billion bushels. Exports and domestic usage were also unchanged from November leaving ending stock estimates at 2.403 billion bushels. U.S. corn price estimates were increased by five cents per bushel to range from US$3.05 to US$3.65 per bushel.

The December USDA WASDE report revised the 2016 United States Red Meat and Poultry production slightly higher to 97.517 billion lb. from the November estimates. United States meat production for 2016 are estimated to be 3.0 per cent higher compared to 2015. Leading the way in meat production increases in 2016 (by percent) are projected to come from turkey (+6.5%) and beef (+6.1%), followed by pork (+1.7%) and broilers (+1.6%). Beef production estimates for 2016 were revised 0.34 per cent higher in December from November to 25.140 billion lb.; due to higher expected slaughter numbers in the fourth quarter of 2016. Pork was slightly lowered due to lower carcass weights in the fourth quarter; than seasonally expected.

U.S. Red Meat and Poultry production for 2017 was revised slightly lower from the November estimates but still expected to further increase from the current 2016 projections by an estimated 2.7 billion lb. (3 per cent) to reach 100.2 billion lb. of meat production. Beef production is still expected to lead the way in 2017 with increases of 4.1 per cent, followed by pork (+3.5 per cent), and turkeys (+2.3 per cent).
(Source: USDA WASDE)

**USDA December World Agricultural Supply and Demand Estimates**

| | | Million Pounds | | | | Total Red Meat |
|---|---|---|---|---|---|---|
| | Quarter | Beef | Pork | Broiler | Turkey | & Poultry |
| **2014** | **Annual** | **24,252** | **22,843** | **38,550** | **5,756** | **92,171** |
| **2015** | **Annual** | **23,698** | **24,501** | **40,048** | **5,627** | **94,630** |
| **% Chg.** | **2014-2015** | **-2.28%** | **7.26%** | **3.89%** | **-2.24%** | **2.67%** |
| **2016** | Nov. Proj. | 25,055 | 24,946 | 40,725 | 6,020 | 97,513 |
| **2016** | **Dec. Proj.** | **25,140** | **24,916** | **40,700** | **5,995** | **97,515** |
| % Chg. | Nov.- Dec./16 | 0.34% | -0.12% | -0.06% | -0.42% | **0.00%** |
| **% Chg.** | **2015-2016** | **6.08%** | **1.69%** | **1.63%** | **6.54%** | **3.05%** |
| **2017** | Nov. Proj. | 26,160 | 25,800 | 41,550 | 6,135 | 100,430 |
| **2017** | **Dec. Proj.** | **25,940** | **25,800** | **41,550** | **6,120** | **100,195** |
| **% Chg.** | **2016-2017** | **4.06%** | **3.55%** | **2.09%** | **2.34%** | **2.99%** |

Source: USDA December WASDE Report, December 9, 2016

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